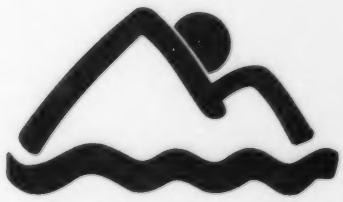
BC Environment

Cooperative Marketing: A Strategy for British Columbia's Recyclables

Discussion Paper



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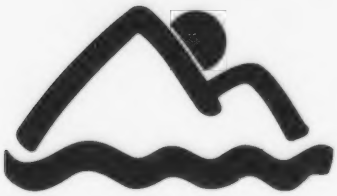

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Cooperative Marketing: A Strategy for British Columbia's Recyclables

Discussion Paper

Municipal Waste Branch
Environmental Protection Division
Ministry of Environment, Lands and Parks

June 1992

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EXECUTIVE SUMMARY

Cooperative marketing organizations for recyclable material are growing throughout North America. Traditionally coops have united rural and under-serviced communities enabling them to achieve economies of scale in marketing secondary resources. More recently the move is towards building cooperatives to service larger urban areas. Currently, for example, a five state cooperative is forming to market secondary material for 5.5 million people.

The aim of this discussion paper is to research existing cooperative models to determine the concept's suitability in the British Columbia context. No two cooperatives are the same; each address the concerns and needs of their local communities and markets. While some coops offer a full range of services from householder to the end-user (collection, processing, transportation) other organizations focus specifically on transportation and marketing to existing buyers and end-users.

Economies of scale realized in processing/marketing and securing a stable market appear to be the main reasons for starting a cooperative organization. In addition to these two reasons, urban and state-wide cooperatives organize to ensure they can compete for contracts with other jurisdictions as North American communities implement new recycling programs.

Most cooperatives are structured through a non-profit society for liability and autonomy purposes. An at-arms-length agency ensures that profits remain in the organization and are not lost in general revenues of a government body.

This discussion paper recommends a strategy to develop a province wide cooperative with input from stakeholders and potential members. The four point strategy includes developing a needs inventory, program design, implementation and program adjustment.

PART ONE - OVERVIEW

1.01 Defining the Concept

There is confusion in the recycling community about the functions and services offered by a cooperative marketing agency virus a marketing board.

Recycling Cooperatives

For the purpose of this report, recycling cooperatives will include organizations formed by government members and their agents to sell (or buy) recyclable goods. The report will include information regarding municipal, state or provincial initiatives and will emphasize the relationship of the private sector (buyer and broker infrastructure) with cooperative organizations.

A cooperative should not be confused with a marketing board. It does not, for example, require mandatory membership, nor does it set prices or quotas for producers. It is not a monopoly. Membership in a cooperative is voluntary. Coops are similar to school boards and municipalities which form buying groups to collectively purchase material and in doing so, receive better bargains for supplies.

In the broadest sense, many recycling cooperatives currently thrive in B.C. (i.e. Capital or Nanaimo Regional Districts). While not normally perceived as cooperatives, these B.C. models characterize cooperative organizations elsewhere in North America. These regional districts, for example, pool services for their member municipalities for collection, advertising and selling recyclable material.

No two cooperatives are exactly alike; however, the basic functions they all perform are researching the markets and entering into sales agreements. Most often they distribute comprehensive RFP's (request for proposal), negotiate prices and terms and enter into a purchasing contract. Major ways in which cooperatives vary include the following:

a) Owning and operating recycling facilities and processing equipment, including balers, wood-chippers, auto hulk crushers and other equipment and facilities.

b) Contracting the collection and processing to private operators.

c) Providing membership and services for non-municipalities and corporations.

d) Providing educational services outside their membership (i.e. to schools and the general public) .

e) Allowing members to opt out of a specific contract (on a material by material basis) if members can get better prices and services elsewhere.

The majority of cooperatives are organized through a nonprofit structure. They are responsible to their members through a board of directors and not to any one particular political body. This structure allows for autonomy and protects individual members from liability.

1.02 Main Reasons For Starting a Cooperative

Cooperatives start according to the needs of their members. Every region has a different set of problems. In forming a cooperative the goal is to collectively solve those difficulties. The main reasons cited for starting a cooperative marketing agency are as follows:

a) The local area is under-serviced by the existing broker/buyer infrastructure and has an inability to attract large brokers or end-users on an individual basis.

b) Individual contracts with buyers offer less financial return for material than one large contract. For example, economies of scale may be achieved in transportation using back-hauls and route trucks.

c) Individual efforts duplicate services (e.g. processing, transportation and marketing).

d) Small volumes of material require either storage or higher transportation charges for mixed truck loads of material.

e) The buyer/broker infrastructure becomes monopolistic; one end-user controls pricing.

f) The members have control over the flow of their material. Public control through a nonprofit society board ensures the public's resources remain in the hands of the public. Public interest (receiving the best price and service) does not conflict with private interest (receiving the most profit).

g) Producers of small volumes of material often cannot secure a contract. Municipal officials prefer secure, long term contracts for their material.

h) Market uncertainties: Competition in North America with other jurisdictions for markets for recyclables. It is generally perceived that a larger, more powerful organization would have greater influence when competing for markets.

1.03 Benefits for the Buyer/Broker

Buyers and brokers appreciate the following features of cooperatives:

a) quality control,

b) large processed quantities of material,

c) education services,

d) dispute resolution procedures,

e) level playing field for awarding RFP's - buyers are treated equally and equitably,

f) efficiency and convenience - one contact person for many collectors saves time and money,

g) providing reliable inputs, end-use manufacturers have a firmer base to plan.

The role of the buyer/broker varies according to the needs and mandate of each cooperative. Cooperatives may wish to act as brokers taking on most of the functions of the buyers/brokers creating a competitive if not hostile relationship with the commercial infrastructure. On the other hand cooperatives may act as a buffer between the private and public sectors offering less resistance to changing economies.

Brokers that are participants in a mixed market system are encouraged to respond to various RFP's issued by the cooperative. The highest price paid for materials is only one factor in awarding the contracts. Other criteria include transportation subsidies and requirements, processing requirements, longevity of the purchaser, services provided to the customer, ethics of the buyer and the "highest" end-use of the material.

While many cooperative organizations report that brokers complain about "government interference" these comments are generally limited to the cooperative's start-up phase and pass once the coop is firmly entrenched in the marketplace. Other negative reactions originate from companies who are unsuccessful in their bids for contracts.

1.04 Cooperative Models

Three typical models have been selected for comparison and discussion purposes. It is imperative to remember that a cooperative program success is determined by fulfilling the needs of the communities and not simply replicating a structure or organization that works elsewhere. The following Model descriptions are summarized in Table I.

"Model A" - Bluewater Recycling Association

a) Full service cooperative provides collection, processing, transportation, marketing and education.

b) The coop is investing with a private firm to manufacture plastic products using recycled stock.

c) Membership is restricted to municipalities through a nonprofit society.

d) Members "MUST" market all their materials through the coop.

e) Coop staff operate collection vehicles and processing equipment, arrange for transport and market materials on a material-by-material basis.

f) Coop uses municipal/regional property for processing.

g) The coop charges a fee to municipality on a per household basis. Full charge for curbside communities and 1/2 price for drop box communities as well as other negotiated services.

h) Coop Staff include truck drivers, processors, educators, marketers and support staff.

TABLE I: **Comparison of Cooperative Models"A","B"and"C"**

Services	Bluewater Recycling Association	Northwest Ontario Recycle	New Hampshire Resource Recovery Association
Population	73,225 Residents	54,000 Residents	234 Municipalities
Area Serviced	Municipalities	Municipalities	Municipalities and counties
Households	33,000	22,000	N/A
Location of Facilities	Municipal/Regional	Municipal/Regional	N/A
Fees Charged	- Full for curbside ($32.50 /household) - 1/2 price for drop box and other ($16.25 per household)	Paid by municipality on per capita basis ($4 per capita)	Per tonne - Municipalities $0.03 per capita (Min $150); - Individual $10; - Business $200; Non-profit $50
Income/Revenue	- $10 to $15 per household from Ontario MOE; - Local municipal support of $12.50 to $19.50 per household; - $3 to $5 in material sales	- Operating capital grants from Ontario MOE; - Capital grants from OMMRI; - Ontario Ministry of Northern	From grants, conferences and workshops.
Membership Requirements	Restricted to municipalities through non-profit society	Restricted to municipalities through non-profit society	Not restricted to municipalities and includes public institutions and private farms
Staffing	Truck drivers, processors, educators, marketers and support staff (18 Total)	Marketers and support staff (15 to 20 Total)	Marketers and support staff (6 Total)
Collection	Yes	Yes	No
Processing	Yes	Yes	No
Transportation	Yes	Yes	Yes
Marketing	Yes	Yes	Yes
Education	Yes	Yes	Yes
Recycle Industry Support	Yes	No	No
Restrictions	Members MUST market all materials through coop.	Members MUST market all materials through coop.	None. Members can opt in or out of the coop market on a material by material basis at the time of contract.

"Model B " - Northwest Ontario Recycle

a) Full service cooperative; collection, processing, transportation, marketing and education.

b) Membership is restricted to municipalities though a nonprofit society.

c) Members "MUST" market all their materials through the coop.

d) Coop staff contract out collection & processing. Coop staff arrange for transport and market materials on a material by material basis.

e) Coop uses municipal/regional property for processing.

f) Money is paid by the municipality on a per capita basis.

g) Coop staff include marketers and support staff.

"Model C" - New Hampshire Resource Recovery Association

a) Marketing cooperative; functions are transportation, marketing and education.

b) Membership is "NOT" restricted to municipalities and includes public institutions and private firms.

c) The association was originally formed as a nonprofit information sharing organization and assumed cooperative marketing functions as the needs of the members became clear.

d) Members "ARE NOT REQUIRED" to market all their materials through the cooperative. Members can opt in or out of the cooperative marketing system on a material by material basis at the time of contract.

c) Municipalities and counties make their own arrangements for collection and processing - be it municipal workers or contracting out to the private sector.

d) Cooperative staff arrange for transport and market materials on a commodity by commodity basis.

e) The coop charges minimal membership fees and a cost per tonne for brokerage.

f) Coop staff include marketers and support staff.

PART TWO - TRENDS

Cooperative marketing organizations are growing throughout North America. Historically the organizations have united small and/or rural communities. Examples include New Hampshire, Northwestern Ontario, Bluewater Cooperative.

However, the cooperative movement is now spreading to service urban communities, and in some instances includes many municipalities within a state or even more than one state. Examples of large urban cooperatives are found in New York, Southwestern States and Minnesota.

2.01 Rural and Small Communities

Cooperatives started primarily in rural communities and/or areas that lack a recycling commodities infrastructure. For the most part, the smaller communities have been under-serviced by buyer/brokers and they are too small to attract contracts or competitive bids for material. Distance from markets and small volumes of recyclable materials have typically held back many communities from initiating a recycling program. Cooperative markets have started, by and large, to fill the void that brokers and buyers have not found profitable to service on an individual basis.

In addition, cooperative markets have collectively made it possible for smaller municipalities to send recyclables directly to an end user. Often coops create stable long term markets as well as providing various educational and promotional services that otherwise would not be available in these communities.

The introduction of cooperative marketing in rural or small communities has generally not been contentious with local buyers or brokers. The cooperative usually was created prior to any similar community service and does not replace an infrastructure of buyers and brokers (e.g. New Hampshire, Bluewater, Northwestern Ontario Coops).

2.02 Urban Communities and State Initiatives

Like rural communities which have collaborated simply to market their material, urban communities have also joined together to ensure better prices for commodities and to compete for market share with other new recycling cooperative programs. Unlike their rural counterparts, urban coops lean towards a more competitive model; competing directly with the broker and buyers (1). A state wide cooperative can demand better prices and services and lever brokers by withholding material.

Larger urban cooperatives are in their infancy stage. The eleven-state purchasing cooperative based in Washington state issued its first RFP for recycled copier paper in February. The Long Island New York cooperative has been in operation for only a year. The five state initiative encompassing the five southwestern states and the Minnesota Cooperative have yet to recycle a single tin can. Their plans, however, are well founded and their initial entry into the market is imminent.

PART THREE - EVALUATION OF COOPERATIVE OPPORTUNITY FOR BRITISH COLUMBIA

3.01 Barriers to a B.C. Cooperative

It appears that the existing buyer/broker infrastructure provides the chief barrier to implementing a recycling cooperative in British Columbia. Some cooperatives act as a intermediary between private and public interests (e.g. New Hampshire) and others compete directly with the private sector. Many cooperatives sell directly to end-

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1 *Perceptions of a nationwide glut causing major marketing problems do not address the complex system that drives the recyclable commodity markets. It has been argued, for example, that the influx of curbside programs has increased the supply of material and the prices paid for the commodities has therefore dropped.*

While recyclables are commodities and have a "world price," it is important to remember that both national and regional factors influence the market prices. Recyclables are low value commodities, and because of the high cost of transportation, their prices are relatively vulnerable to regional in addition to national influences. While the laws of supply and demand are very relevant to an economic discussion, they alone do not address the complex market situation.

users as much as possible in order to receive the best price for public resources.

To be successful in British Columbia, cooperations depend on stakeholder consultation in the planning and development process. The success of the planning and development process depends on stakeholder non-confrontational relationships and direct private industry evolvement.

Similarly, the private sector's ability to service both rural and urban communities (at an economical cost) will also influence the relationship between the parties. While no relationship is perfect, every attempt should be made to consult and inform the buyer/broker stakeholders. A primary goal of the government should be to promote rather than restrict competition in B.C.

Planning a model that fits the needs of the public sector will require a great deal of flexibility from all potential partners. If a B.C. Cooperative is to be successfully implemented, it will be imperative to be as receptive to the needs of the small and remote communities as to the large communities.

3.02 Rural and Small B.C. Communities

Many northern and rural communities lack the volumes of material required to economically process and transport commodities to brokers or end-users on an individual basis. Pooling various services (e.g. education, collection, processing, transportation and marketing) would decrease the cost of recycling services through economies of scale. Municipalities and regional districts may be able to secure stable longterm contracts for the combined volumes of material.

A rural cooperative model would provide greater marketing opportunities for the very small communities through the combination of smaller quantities of recycle resources and improving the industry standard quantities. Within this structure smaller municipalities and regional districts could collectively draw the interest of established buyer/brokers, and end-users, for recycle resources, materials and services.

3.03 Urban B.C. Communities

Nanaimo, Greater Vancouver and the Capital Regional District have well developed recycling programs but are concerned about the recyclables' low and unstable prices. Low prices for material increase the cost of service to the municipal taxpayer.

Large Regional Districts may not find as great a need to market the more standard materials through a cooperative system as their rural counterparts as programs are well established in these areas and their volumes are sizeable enough to secure contracts for their material. They may decide to singularly or with adjacent districts to ship directly to the broker or end-user themselves or to continue working with one contractor for collection and marketing services.

Initial inquiries with various municipal and regional officials in the Capital Regional District, the Nanaimo Regional District and Greater Vancouver Regional District suggest urban areas are receptive to cooperative marketing systems but require additional time and discussion of needs, funding and models. "Model C " (New Hampshire) - where participants could opt in and out of contracts on a material by material basis - is viewed as desirable.

Competing with other larger jurisdictions to sell material is also another compelling reason for urban communities to collectively negotiate prices and services.

If a cooperative controlled the majority of products available in B.C., it would be necessary to develop strategies to maintain competition in the marketplace. These market strategies may include, for example, contracting with a number of brokers for newspaper.

3.04 Possible B.C. Coordinating Bodies

Bodies that could coordinate a British Columbia Cooperative (or Cooperatives) include the following:

a) Regional Districts,

b) Union of B.C. Municipalities (UBCM),

c) B.C. Trade Development Corporation,

d) B.C. Ministry of the Environment, Lands and Parks,

e) New Agency.

a) Regional Districts

The larger regional districts are capable of marketing large volumes of material and do so now on an "all material basis". The Capital and Nanaimo Regional Districts are examples. The GVRD is more complex as municipalities within the GVRD negotiate their own contracts for collection and/or processing and marketing.

Smaller Regional Districts, particularly those with remote communities, generally have not been serviced by the existing buyer/broker infrastructure nor do they receive expensive service. Transportation costs coupled with small volumes of low value commodities make servicing these communities less attractive.

Grouping adjacent Regional Districts into regional cooperatives, has the advantage of keeping similar communities (presumably with similar needs) together. The province could conceivably be organized into Island, Lower Mainland, Interior and Northern Cooperatives for processing, transportation and marketing purposes.

While this option has the distinct advantage of providing local autonomy and control, it does not address global and regional trading concerns or address the trend toward large and multi-state cooperatives. Smaller regional cooperatives would merely replicate the same service, and in addition the cooperatives would be competing with each other in the same marketplace.

This option should be explored with surveys and discussion groups.

b) Union of B.C. Municipalities (UBCM)

The Union of B.C. Municipalities has the political respect and the ability to coordinate a recycling cooperative arm as a service to its members. It has representation from the majority of municipalities and all regional districts.

There is, however, a reluctance on the part of some municipal and regional staff for the UBCM to play an active role in marketing their material. Some staff have expressed the concern that the UBCM is too "political" and that it best serves politicians rather than staff. It has also been questioned whether the mandate of the UBCM is to become this heavily involved in a "public works" function.

This option should be explored with an informal survey and discussion group.

c) B.C. Trade Development Corporation

The mandate of this B.C. Crown Corporation is to explore overseas markets for small and mid-size B.C. companies. B.C. Trade staff expressed an interest in expanding the corporation's mandate to cover the market research aspect of a cooperative and possibly to include negotiating and entering contracts.

While this appears to be an attractive alternative because of B.C. Trade's export, research and development capabilities, there are certain obvious drawbacks:

i) The Corporation would be required to significantly change its mandate to include a nonprofit, municipally driven organization.

ii) The Corporation would be required to change its mandate to include negotiating and entering contracts on behalf of its members.

iii) The Corporation's limited expertise regarding the recycling industry and product

This option should not be immediately discounted but rather explored for the possibility of soliciting market search services for a cooperative venture.

d) B.C. Ministry of the Environment, Lands and Parks.

i) Many Regional Districts and Municipalities have expressed an interest in the B.C. Government creating a marketing program within the ministry.

ii) This model is preferred by many regional districts which lack the expertise and start-up funds required to develop a regional cooperative.

iii) Problems with this model include the Victoria operating base, government sensitivity to criticism from the private sector and adjusting the mandate of the Ministry to include a public works function.

This option should be explored internally.

e) A New Agency

i) There has been some interest shown in a "reduce and recycle agency" which would facilitate the development of cooperative marketing in British Columbia.

ii) The agency might address marketing and recycled resource industries concerns such as cooperative marketing of resources or acting as the "central office" for coordinating regional cooperatives.

iii) A Provincial wide model should include all regional and municipal bodies, public institutions and utilities as participants.

iv) While the public sector may be required to provide adequate start-up funding for such a venture, this option has the advantage of becoming self-funding if a brokerage fee per tonne were charged as in "Model C" (New Hampshire).

3.5 Preliminary Recommendation

It is recommended that:

a) The Provincial Government establish an agency whose primary purpose would be to market recyclables (on a material by material basis) as requested by governments, crown corporations, utilities or their agents. The cooperative should allow a flexible marketing alternative (such as the choice of opting in or out) for members rather than an "all or nothing" approach to selling commodities.

b) In addition, the cooperative could offer services similar to Model A (Bluewater) if the private sector could not economically meet their needs. These services may include collection, processing and transportation.

c) A "British Columbia Cooperative" should be driven by marketing needs derived at the community level. From a provincial-wide perspective, the need clearly to:

i) compete for market share in other jurisdictions and with other cooperatives for domestic and overseas end-markets,

ii) ensure the best prices for recycled commodities for B.C. taxpayers,

iii) promote a variety of end markets (to encourage competition and avoid a monopoly),

iv) promote jobs and employment opportunities in B.C.

While a B.C. cooperative may address these provincial needs, municipalities and regional districts should be surveyed in order to understand their specific needs and the barriers to marketing their resources.

A sound strategy suggests the following steps:

1. Inventory regional needs.

2. Design a program to market recycle resources province-wide.

3. Implement the program.

4. Monitor and adjust the program.

This strategy is an adaptation from a design suggested by Gary Olson (one of the founder of the New Hampshire Resource Recover Association) and Mary Kohrell (researcher from the University of Wisconsin). It has been adjusted after discussion with other successful cooperative managers.

The following steps encompasses the Provincial Government's desire and commitment to public participation and stakeholder review.

Step 1: Inventory Regional Needs (Four Months)

- Distribute information regarding cooperative models and survey the marketing needs of Regional Districts through telephone interviews and questionnaires.

- Prepare a preliminary needs list outlining the possible coordinating functions for a B.C. cooperative.

- Evaluate and prioritize the greatest needs and the most cost effective programs to address those needs.

- Invite potential coop participants to a workshop to streamline design and determine commitment.

- Determine tonnages (current and anticipated) of interested and committed participants.

- The results of this process should be distributed to various public and industry stakeholders for discussion and input.

Step 2: Design a program to market recycle resources province-wide. (Four Months).

- Design a program to fulfil provincial marketing needs (materials from provincial operations) and including any regional district's or municipality's that have tentatively committed to the agency.

- Prepare a business plan including an operational plan and budget.

- Distribute the business plan to all interested parties and stakeholders for input and discussion. Adjust the plan as required.

- Present the plan to the appropriate decision making bodies for approval and funding.

Step 3: Implement the Program

- Hire and appoint staff

- Determine "contract selection criteria". These may include price, services, longevity in the marketplace and region, environmental considerations, history regarding previous contracts. etc.

- Continue research and development regarding possible buyers.

- Design and distribute a comprehensive RFP for one material according to participant's needs and end-market requirements.

- Distribute the RFP to a large audience of possible candidates including current buyers and possible end users.

- Award the contract based on clearly defined criteria.

- Inform participants of material specifications.

- Ensure necessary processing and transportation is in place.

- Facilitate transportation to markets.

Step 4: Monitor Evaluate and Adjust the Program

- Survey participants and stakeholders to ensure the system is meeting the needs of the various participants.
- Expand and adjust the plan as necessary.
- Continue to explore potential markets.
- Explore development of small scale end-use technology for community development.

PART FOUR - ATTACHMENTS

4.01 Bluewater Recycling Association

(Ontario Rural Communities outside of London Ontario)

P.O. Box 1330

Grand Bend, Ontario

N0M 1T0

Phone:	1-519-238-8661
Fax:	1-519-238-2330
Contact:	Francis Veileux
Number of households:	33,000
Number of residents:	73,225
Program start:	September 1989

Fees for services: $32.50 per household curbside, 16.25 per household drop box, additional services and fees according to community needs

Program funding includes:

a) Ontario MOE grant of ten to fifteen dollars per household;

b) Local municipal support of $12.50 to 19.50 per household;

c) Three to five dollars in material Sales.

Members "MUST" market their material though the cooperative. Bluewater does not allow opting in or out by material.

Services:

Collection, processing, marketing, education, promo/advertising, research, consulting and political services (lobbying).

Facilities:

Processing Plant

Operator:

Association

Equipment

Horizontal Baler, Magnetic Separator, Conveyers, 8 collection vehicles, blower and grid system.

Materials:

Old news paper	Aluminum Cans
Old corrugated cardboard	Aluminum foils
Boxboard	Scrap Metals
Ledger	Polyethylene Terephthalate
Computer	High Density Polyethylene
Magazines	Hard Plastics
Phone books	Film

Glass (Clear)	Oil
Glass (Coloured)	Tires
Tin cans	

Staff:

Manager	3	Sorters	5
Secretary	1	Drivers	9

Entry and Growth Strategies:

A single municipality wanted to share the cost of a collection truck for recyclables. In doing so it surveyed various nearby municipalities and they collectively determined that a separate entity would be suitable to fill the needs of their communities.

The municipalities opted to form a nonprofit organization with municipalities as share members. The board/staff structure offers a flexible arrangement and limits responsibility and liability of individual members.

After six months of planning, Bluewater Cooperative started with seven municipalities as the founding share members. It has grown over the last three years to service 41 municipalities.

Economies of scale for collection, processing, marketing, and transportation have been realized through the cooperative; every year the prices for members have gone down. The greatest savings are attributed to processing, where more members and more volume have significantly reduced the cost per tonne for material.

Bluewater is located in an old army barracks. The fully equipped plant has an excess capacity; the current volumes of material is processed in approximately two hours. Expansion to other towns and municipalities is expected to further reduce the already low price for processing material.

Part of the reason for Bluewater's successful growth can be attributed to the low costs and the ability to offer a variety of services to their members. It offers, for example, a curbside bluebox program to towns,

complete curbside program to areas where houses are over a mile apart, depot programs, "summer collection" programs for the increased populations during the summer months, and processing and marketing programs with no collection involved.

Bluewater has tried to eliminate brokers and have been successful in bypassing the middlemen except in the area of newspaper. The services brokers provide are considered costly and redundant as the cooperative is capable of processing and shipping direct to markets.

Management goals include closing the loop by owning and operating the services from collection to end-use manufacturing. Bluewater is currently negotiating with the private sector to cost share an end-use facility for one of the materials it currently collects.

Bluewater does not enter into long term contracts for recyclables. It negotiates a load by load price except for glass. End-users are selected using a process that balances current price, ethics and ability to help close the loop.

4.02 Northwest Ontario Recycle
(Communities in North Western Ontario)

30 Van Horne Avenue

Dryden Ontario

P8N 2A7

Phone:	1-807-223-2367
Fax:	1-807-223-3915
Contact:	Debbie Kilfoyle
Number of households:	22,000
Number of residents:	54,000

Program start:

Town of Dryden: December 1988

Expansion: March 1990

Fees for members: $4 per capita

Revenues also include operating and capital grants from the Ontario Ministry of the Environment, and capital grants from OMMRI (Ontario Multi Material Recycling Incorporation) and the Ontario Ministry of Northern.

Development:

Members "MUST" market their material through the cooperative. Northwest Ontario Recycle does not allow opting in or out by material.

Services:

Originally the cooperative employed civic workers to operate the processing plant. In a move to reduce cost of labour the processing services are contracted to a private sector operator. The Association owns the processing plant and equipment.

The main market strategy is a combination of best price and best freight rates.

Facilities:

Processing Plant

Operator (PR/Pub):

Private Operator

Equipment:

Horizontal Baler, Magnetic Separator, Conveyers/sorter, 6 collection vehicles

Materials:

Old news paper	Glass (Coloured)
Ledger	Tin cans
Computer	Aluminum Cans
Magazines	Polyethylene Terephthalate
Phone books	High Density Polyethylene
Glass (Clear)	

Staff:

1 association employee

Contracted operator employs 15 to 20 people.

Notes:

The Cooperative is successfully managing the increase flows of materials, however, unexpected volume increases have raised processing charges above their budgeted costs. They are continuing to research the market and are contemplating collection and marketing of mixed plastics. Their strategy is to market only materials that are cost effective.

4.03 New Hampshire Resource Recovery Association

P.O. Box 721

Concord, N.H. 03302-0721

Phone:	1-603-224-6996
Fax:	1-603-224-4466
Contact:	Peg Boyles/Theresa Walker
Number of municipalities:	234

Program start: 1983

Fees for members:

Municipalities: $ 00.03 per capita (minimum $150.)

Individual: $ 10.00

Business: $200.00

Nonprofit: $ 50.00

Other revenue from grants, conferences and workshops.

Members are not restricted to marketing material through the cooperative. They may opt in and out on a material-by-material basis.

Services:

New Hampshire does "NOT" own or operate any facilities or equipment nor does it contract out these services. Municipalities and other members are required to provide the processing services either themselves or contract the services to private sector operators. New Hampshire provides marketing and educational services to the members.

Materials:

Old news paper (#6,7 & 8)

Old corrugated cardboard

Boxboard (in #6 grade)

Ledger (pilot)

Computer (pilot)

Magazines (pilot)

Phone books (in #6 grade)

Glass (Clear)

Glass Colour separated brown and green

Tin cans (includes aerosol air-dried paint cans)

Aluminum Cans

Aluminum (other)

Scrap metals

Plastics: #1, #3, #5, #7

Tires

Staff:

Executive Director: 1

Other: 5 (Professional and support staff)

Notes:

New Hampshire is the father of the cooperative movement. They continue to work well with the existing buyer and broker infrastructure. Their strategy is to remain flexible and fill the needs of their members.

4.04 Long Island Regional Recycling Cooperative

999 North Indiana Avenue

Lindenhurst, New York 11757

Phone:	1-(516) 957-3158
Fax:	1-(516) 957-3019
Contact:	Evan Liblit
Number of municipalities:	4 townships
Number of residents:	1,030,000
Program start:	1991

Fees for members:

Long Island Regional Recycling Cooperative (LIRRC) has received various startup grants from State and Federal Governments.

Services:

LIRRC does NOT own or operate any facilities or equipment nor does it contract out these services. It was formed primarily to cooperatively market old newsprint which remains the most problematic material to market. Marketing of other paper grades to follow.

Materials:

Old news paper - grades #6 & #7

Magazine

Staff:

Executive Director 1

Entry and Growth Strategies:

Long Island typifies a jurisdiction with an extremely controlled cooperative infrastructure. Long Island buyers sell to one major broker who sells the material to an overseas (Korean) end-user. In some cases the lack of competition results in the low prices for curtain recycle commodities such as Old News Paper (ONP).

In addition, the old news paper market in New York collapsed in 1991 due to the oversupply of material on the market and the inability to secure containers during the Middle East conflict. Old news paper prices plummeted from values greater than $10 US per ton received by the municipality to charge of $20 US per ton. This $30 US drop in price facilitated four townships to collectively drive to secure better market prices by forming a cooperative association.

The cooperative has received various startup funds most notably through a state program initiated to help create regional cooperatives. The first year goal is to break even for newsprint and secure a stable market price.

The relationship between the public bodies and the private infrastructure has deteriorated as the cooperative plans and moves towards expansion. Two more townships (adding an additional 1,000,000 persons) are expected to join the cooperative within the year.

The four townships that form the cooperative currently broker material with individual buyers and are using their own yards and crews to process materials.

The cooperative plans to use joint facilities to bale material and ship to markets. New York, however, is still suffering from the recession and the Townships cannot provide the capital costs required to finance the initial equipment and ongoing servicing for old news paper.

The goal of the Director is to negotiate with a large firm to provide a processing centre at no cost in exchange for accepting all old news paper with no processing or tipping fee charges.

4.05 South West Public Recycling

P.O. Box 27210

Tucson, Arizona 85726

Phone: 1-602-791-4069

Fax: 1-602-791-5417

Contact: Gary Olson

Plans for South Western States

Utah Nevada

New Mexico Colorado

Arizona

Number of municipalities : 23

Number of residents: 5.5 million

Entry and Growth Strategies:

A conference in January 1991 initiated by 23 cities in five south western states gave birth to Southwest Recycling. The focus of the conference was to improve existing markets, attract new recycling industries to the region and to increase the "buy recycled" purchasing power of the public sector through a cooperative association.

Gary Olson was hired in September 1991 to study the S.W. market and determine the feasibility of marketing recyclables from a large geographic area with large urban populations. Mr. Olson has tremendous experience in cooperative markets and was instrumental in the start up and growth of the New Hampshire cooperative.

The municipalities believed that cooperative marketing would serve their needs better than an individual municipal effort because:

a) the prices they received for their material were low,

b) more municipal programs were starting up,

c) perception of a national glut of material in the market,

d) there was a weak existing infrastructure,

e) the politicians and decision makers wanted more direct control in recycling and more information.

The feasibility study is complete and Mr. Olson presented a marketing strategy to his board in late January 1992. The general approach is to provide the best price for large volumes of material for the public sector.

An RFP for tin cans (the first material to be marketed) will be issued to all collectors, buyers, brokers and end users. The Board will select the winning contract based on a number of criteria including price, service and longevity (Municipalities will be responsible for processing or contracting out the actual material preparation).

While it is anticipated that there will be a number of complaints from buyers competing for the contracts, in Mr. Olson's experience these complaints lessen as the cooperative becomes more firmly established. In practice the buyers prefer cooperative marketing because the service provides;

a) quality control,

b) simplification of communication and paperwork,

c) an "overseer" for both sides (contractor and municipality),

d) education and coordination for small and mid-range suppliers.

Mr. Olson wants the municipalities to commit all their materials for a specified period of time to ensure a logical plan and start up phase for the cooperative.

4.06 University of Wisconsin-Green Bay

University of Wisconsin-Green Bay - ES317

2420 Nicolet Drive

Green Bay, Wisconsin 54311-7001

Contact: Mary Kohrell

Phone: 1-414-465-2707

Fax: 1-414-465-2143

Notes:

A meeting at the National Recycling Coalition Conference resulted in a survey of existing cooperative programs throughout North America. Ms. Kohrell, who is based at the University of Wisconsin, is the contact for this project.

The scope of the survey is fairly broad and features statistical summaries from cooperatives. The type of information that is currently collected includes;

a) type of services,

b) types of materials,

c) quantity of materials,

d) names of buyers (either brokers or end users),

e) funding sources,

f) staffing.

The results of the survey and statistical analysis will be available in June 1992.

Ms. Kohrell suggests that cooperative marketing can manifest itself in a number of different ways. She believes the definition of cooperative marketing should include pooling resources for education, collecting, processing and/or selling materials.

PART FIVE - ADDITIONAL SOURCES

5.01 Environmental Improvement and Energy Resources (Missouri) EIERA

P.O. Box 744

325 Jefferson Street

Jefferson City, Missouri 65102

Phone: 1- 314-751-4919

Fax: 1-314-635-3486

Contact: Jeanne Heuser

Notes:

The authority is in charge of market development and support of cooperative marketing. It is currently preparing an overall state plan.

5.02 Nebraska State Recycling Association

P.O. Box 7217

Omaha, Nebraska 68107-0217

Phone: 1-402-444-4188

Fax: none

Contact: Kay Stevens

Notes:

The Association's 1992 goal is to develop a cooperative for Nebraska, which has 1.7 million people with 350 communities. The Association is actively planning a cooperative market for 92 counties with over 500 cities, towns and villages.

Research is being conducted to determine the roles of various sectors and recommend relationships between the various bodies. The

Association reports that it is a challenge to get data. They hope to be operational in fall of 1993.

Members of the Association include a large majority of private sector. The Association is committed to planning that includes all members, from the smallest collector to end-users.

The Association's largest challenge is fund raising to support the research.

Tentative plans for the cooperative include contracting with municipalities to perform various services. The existing infrastructure, while very apprehensive when cooperatives were first discussed, is now supportive of the cooperative plans as they envisage a major role and the increase of recycling activity in the State.

5.03 Lee County Solid Waste Commission

(possibly to be named Great River Regional Waste Authority)

RT 1, Box 16

Fort Madison, Iowa

Phone:	1-319-372-6140
Fax:	1-319-372-2740
Contact:	Ron Mace/Bob Watson

Funding: Revenues from the sale of material

Services: Currently the towns and municipalities operate the curbside service.

The county at the landfill processes and markets its materials.

Facilities: 4 landfills

Operator: County employees

Materials:

Compost	Magazine
Bark	Cans
Wood waste	Newspaper
Rags	Plastics

Notes:

Consists of four counties in Southeastern Iowa. Currently the county processes and markets their own material. They will be joining 15 other counties in a nonprofit society to expand their operations. Incorporating now.

They have a good relationship with the private sector and aim to work cooperatively with the private sector by not cutting costs.

Future considerations include the possibility to include private sector members.

Unique features include Hiring prison inmates @ $.30 an hour to process recyclables. Also employs handicapped workers and people serving community time.

5.04 Montgomery - Otsego - Schoharie Solid Waste Management Authority (MOSA)

Box 160, Route 7

Howes Cave, New York

12092

Phone:	1-518-296-8884
Fax:	1-518-296-8937
Number of residents:	150,000 plus 110,000 people
Program start date:	September 1991

MOSA is public authority handling "ALL" solid waste and has a cooperative marketing program as one of its activities. Two additional counties (Fulton and Chenango) have joined MOSA for recyclable marketing.

Fees for services:

No direct membership fees. The cooperative charges for certain processing and educational programs. Revenues from the sales of the materials will also pass through the coop.
Members are not required to market their material though the cooperative.

Services:

Members are responsible for collection and processing.

Primary functions are;

a) marketing,

b) education,

c) promotion/advertising,

d) research.

Facilities: (MOSA owned and operated)

Offices	Processing Plant
Landfills 2	

Equipment:

Horizontal	Baler Conveyers
Magnetic Separator	Collection vehicles

Materials:

Old news paper	Aluminum Cans
Old corrugated cardboard	Aluminum foils
Ledger	Scrap Metals

Computer	High Density Polyethylene
Magazines	Film
Glass (Clear)	Oil
Glass (Coloured)	Tires
Tin cans	

Staff:

Manager	1	Secretary	2

Total personnel of 70 in operations and maintenance.

Notes:

Working on a product-by-product strategy to market material.

5.05 Indiana Department of Environmental Management

105 S. Meridian Street

P.O. Box 6015

Indianapolis, Indiana 46206-615

Phone: 1-317-232-8172

Fax: 1-317-232-2332

Contact: Ed Cohen

Notes:

Government organization that recognizes the potential value of cooperative efforts for purchasing and marketing. The department plans to support and possibly assist such efforts in the future.

5.06 Indiana Department of Commerce/Office of Energy Policy

1 North Capital 3 UHE 700

Indianapolis Indiana 46204

Phone: 1-317-232-8944

Fax: 1-317-232-8995

Contact: Howard Vogel

Notes:

Plans to work with 60 solid waste districts in Indiana including private industry, municipalities and counties.

5.07 Wisconsin Cooperative Marketing Council

c/o Gershman, Brickner and Bratton - Consultant

60 East Marie Avenue, Suite 202

West St. Paul, Minnesota

55118

Phone: 1-612-552-0047

Fax: 1-612-552-0048

Contact: Alan Duff

Notes:

The Council was formed as an umbrella organization to encourage the development of cooperative markets in the State. Members include the Associated Recyclers of Wisconsin, Wisconsin Towns Association, West Central Regional Planning Commission and Wisconsin Department of Natural Resources. They are offering a how-to-do manual and a number of workshops to assist in the development of regional cooperatives.

5.08 Tennessee Valley Authority

400 West Summit Hill Drive

Knoxville Tennessee 37902

Phone: 1-615-632-3160

Fax: 1-615-632-6128

Contact: Peggy Douglas

Notes:

Covers counties and municipalities and proposed State of Tennessee Office.

5.09 Recycling Services Institute

RT 1 Box 189A

Hartsville, Tennessee

37074

Phone: 1-615-374-4776

Contact: Deanna Moore

Materials:

Old news paper

Ledger Grades

Cardboard

Funding: Through Tennessee Valley Authority and EPA grants.

Notes:

Cooperative covers 16 counties. Primary focus is on ICI and commercial recyclables.

5.10 Central Shenandoah Regional Recycling Program

633 North Coalter Street

PO Box 1950 Straunton, Virginia 24401

Phone:	1-703-885-5174
Fax:	1-703-885-2687
Contact:	Wilma Mangione

Notes:

Currently planning for 5 counties and 5 cities.

5.11 The Appalachian Regional Recycling Consortium

1612 Wadsworth Street

Radford, Virginia 24141

Phone:	1-703-639-9314
Fax:	1-703-831-6093
Contact:	Pat Therrien
Number of households:	201,894
Number of residents:	477,000
Program start:	February 3, 1992

Members are not required to market their material though the cooperative. No fees for service have been established.

Services: (proposing to provide the following)

a) collection,
b) processing,
c) marketing,
d) education,
e) research,
f) consulting.

Facilities:

Offices (New River Planning District Commission)

Processing Plant

Operator:

Association

Equipment:

Tub Grinder

Materials:

Old news paper
Mixed paper
Glass (Coloured)
Tires
Tin cans
Polyethylene, Terephthalate
High density Polyethylene

Staff:

Manager 1

Notes:

The facilities are just starting up. Hoping to provide market options for localities in Southwest Virginia and neighbouring areas either through consolidation of materials or establishing end use markets where feasible. The coop is focusing on the less valuable and difficult to market materials.

The relationship with the private sector is considered good.

5.12 Ozark Recycling Enterprise Inc

HC Box 271A

Marshall AR 72650

Phone: 1-501-448-2472

Contact: Sandra Garcia

County programs, municipalities and private recyclers.

Notes:

Pilot project through this nonprofit organization. Plans to involve marketing textiles, glass and old corrugated cardboard. Purchased a mobile plastic baler.

5.13 Northwest Iowa Area Solid Waste Agency

RR 2 Box 174A

Sheldon, IA 51201

Phone: 1-712-324-4026

Contact: Dave Honkomp

Materials:

Old news paper	Tin Cans
Old corrugated cardboard	White Goods
Clear Glass	Wire
High Density Polyethylene	Lead Acid Batteries
Polyethylene Terephthalate	Oil

Notes:

The Association was formed 17 years ago to collect and market readily recoverable material at the landfill depot. The membership consists of

five counties and 41 towns (population 86,000).

Commingled curbside recycling programs were implemented 4 years ago by the cities and has been instrumental in the cooperative's growth.

5.14 Southeast Minnesota Recyclers Exchange

Winona County Courthouse

171 West Third Street

Winona, Minnesota 555987

Phone: 1-507-457-6464

Fax: 1-507-457-6469

Contact: Kelly Luck

Notes:

An informal information network consisting of 3 counties in began in 1988 and has grown now to include 10 counties in southeastern Minnesota. In 1991 the organization received a State Grant to hire a recycling coordinator and test a cooperative market program. The program is expected to begin shortly.

5.15 West Central Wisconsin Regional Planning Commission

Phone 1-715-836-2918

Fax: above

Contact: Jay Tappen

Number of residents: 501,000 in the region (They do not all participate)

Members are not required to market their material though the cooperative.

Services:

a) Marketing,
b) Education,
c) Promotion/Advertising,
d) Information clearing house.

Operator:

Each member uses their own equipment. The association is exploring opportunities for members to pool or share their resources.

Materials: (planing to handle)

Old news paper
Old corrugated cardboard
Magazines
Glass (Clear)
Glass (Coloured)
Polyethylene Terephthalate
High Density Polyethylene

Staff:

Manager	3 or 4
Secretary	1 or 2
Sorters	5
Drivers	9

Notes:

Starting as a pilot project to market materials. The plan is to incorporated as a nonprofit society for liability purposes. Modeled after New Hampshire, members can opt in or out of the marketing service.

Priority materials are those listed above.

Strategy is to develop as a vital part of the infrastructure; working with endusers as much as possible. Local buyers have concerns as the cooperative may compete with an already developed infrastructure.

The private sector is invited to join and can contract with the corporation to provide services.